

LESSON PLAN

Unit 19. CHECKING/SAVINGS

X-XXX-XXX2 Rev B

Topic 19.1 Checking/Savings

CLASS PERIODS: 1

LAB PERIODS: 0

Enabling Objectives:

16.1 **IDENTIFY** the process to select a Financial Institution in accordance with Personal Financial Management, OPNAVINST 1740.5

16.2 **IDENTIFY** the different types of Checking Accounts available and the benefits associated with a Checking Account in accordance with Personal Financial Management Manual, NAVPERS 15608 and Personal Financial Management, OPNAVINST 1740.5

16.3 **IDENTIFY** the benefits of a Savings Program in accordance with Personal Financial Management Manual, NAVPERS 15608 and Personal Financial Management, OPNAVINST 1740.5

B. Reference Publications:

1. None

Instructor Preparation:

A. Review Assigned Trainee Material

B. Reference Publications:

1. Personal Financial Management, NAVPERS 1740.5
2. Personal Financial Management Manual, NAVPERS 15608

C. Training Materials Required:

1. Training Materials
 - a. Information Sheet, Check 101, 19-1-3
 - b. Information Sheet, Check 102, 19-1-4
 - c. Information Sheet, Checking Account Register, 19-1-2
 - d. Information Sheet, Job, 19-1-1
 - e. Information Sheet, Monthly Bank Statement, 19-1-5
2. Transparencies

Trainee Preparation Materials:

A. Trainee Support Materials:

1. None

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- a. ATM allows..., 19-1-11
- b. Benefits, 19-1-9
- c. Check 101, 19-1-5
- d. Check 102, 19-1-6
- e. Checking Account Register, 19-1-4
- f. Checking Accounts, 19-1-3
- g. Checking/Savings, 19-1-1
- h. Insured Accounts, 19-1-12
- i. Monthly Bank Statement, 19-1-7
- j. Overdraft Protection, 19-1-13
- k. Savings, 19-1-14
- l. Selecting a Financial Institution, 19-1-2
- m. Services, 19-1-10
- n. Summary, 19-1-15
- o. Types of Checking Accounts, 19-1-8

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DISCUSSION POINT

1. Introduction

RELATED INSTRUCTOR ACTIVITY

1. Establish Contact.

Write name on VAP board.

Introduce Yourself.

Having a checking and/or savings account is an important part of establishing financial independence. Having enough money each pay period to take care of your wants and needs as well as planning for life's emergencies can be easy and should be started now. In this lesson, we will discuss basic types of checking accounts and the benefits of having a checking and/or savings account.

State Lesson Objectives.

Reference Personal Financial Management Manual, NAVPERS 15608.

Reference Personal Financial Management, NAVPERS 1740.5.

Show Transparency 19-1-1, Checking/Savings.

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DISCUSSION POINT

2. Selecting a Financial Institution

- a. A difficult process with many variables to consider
 - (1) While at Recruit Training Command, you signed up for direct deposit with a financial institution. If these institutions do not have a branch near you, it would probably be better to change to a local bank or credit union
- b. Other factors in selecting your financial institution are the fees that it charges
 - (1) ATM fees and telephone calls for banking can add up in a hurry
 - (2) Many military credit unions and on base banks do not charge fees for checking or savings and also have a lower minimum deposit

RELATED INSTRUCTOR ACTIVITY

- 2. Show Transparency 19-1-2, Selecting a Financial Institution.

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DISCUSSION POINT

- (3) Credit unions also usually have lower consumer loan interest rates and are willing to loan small amounts to junior Sailors to establish credit

RELATED INSTRUCTOR ACTIVITY

3. Checking Accounts

- a. Using a checking account to pay bills and manage your money is almost universal. Checks provide security for mail-in payments, proof of payments, and a permanent record of all payments.
- b. Use care when selecting a checking account; some financial institutions charge a checking account fee or a per check fee or require a high minimum balance. Totally free checking accounts are available at some banks or credit unions. Shop wisely.

3. Show Transparency 19-1-3, Checking Accounts.

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DISCUSSION POINT

- c. Many credit unions and banks offer overdraft protection for your checks. This will transfer money from your savings or credit card to cover the amount of a check and prevent it being returned for insufficient funds. This service often has a fee associated with it. Review your contract carefully.

- d. Turn to your checkbook use/balancing exercise.

RELATED INSTRUCTOR ACTIVITY

- d. Distribute Information Sheet, Job, 19-1-1.

Distribute Information Sheet, Checking Account Register, 19-1-2.

Distribute Information Sheet, Check 101, 19-1-3.

Distribute Information Sheet, Check 102, 19-1-4.

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DISCUSSION POINT

- (1) Use of a checkbook and balancing is a simple process. On the Checking Account Register enter today's date in the DATE column, enter the word "Deposit" and the word "paycheck" in the ITEM DESCRIPTION column, enter your paycheck direct deposit of "\$350" in the DEPOSIT/CREDIT (+) column, and enter "\$350" in the BALANCE column.
- (2) On Check 101 enter today's date, enter the words "Navy Exchange" on the PAY TO line, enter the check amount of "\$22.89", enter the words "Twenty-two and 89/100" on the Dollars line, and sign your name on the bottom of the check.
- (3) On the second line of the Checking Account Register enter check "#101" in the CHECK # column, enter today's date in the DATE column, enter the words "Navy Exchange" in the ITEM DESCRIPTION column, enter "\$22.89" in the PAYMENT/DEBIT (-) column, and enter "\$327.11" in the BALANCE column.

RELATED INSTRUCTOR ACTIVITY

- (1) Show Transparency 19-1-4, Checking Account Register.
- (2) Show Transparency 19-1-5, Check 101.

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DISCUSSION POINT

- (4) On the third line of the Checking Account Register enter today's date in the DATE column, enter the words "Cash Withdrawal" in the ITEM DESCRIPTION column, enter "\$100" in the PAYMENT/DEBIT (-) column, and enter "\$227.11" in the BALANCE column.
- (5) On Check 102 enter today's date, enter the words "Uniform Shop" on the PAY TO line, enter the check amount "\$10.50", enter the words "Ten and 50/100" on the Dollars line, and sign your name on the bottom of the check.
- (6) On the fourth line of the Checking Account Register enter check "#102" in the CHECK # column, enter today's date in the DATE column, enter the words "Uniform Shop" in the ITEM DESCRIPTION column, enter "\$10.50" in the PAYMENT/DEBIT (-) column, and enter "\$216.61" in the BALANCE column.

RELATED INSTRUCTOR ACTIVITY

- (5) Show Transparency 19-1-6, Check 102.

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DISCUSSION POINT

- (7) On the fifth line of the Checking Account Register enter today's date in the DATE column, enter the words "ATM Usage Fee" in the ITEM DESCRIPTION column, enter the words "Monthly Bank Statement" under "ATM Usage Fee", enter "\$2.00" in the PAYMENT/DEBIT (-) column, and enter "\$214.61" in the BALANCE column.
- (8) On the sixth line of the Checking Account Register enter today's date in the DATE column, enter the words "Monthly Checking Service Fee" in the ITEM DESCRIPTION column, enter the words "Monthly Bank Statement" under "Monthly Checking Service Fee", enter "\$2.00" in the PAYMENT/DEBIT (-) column, and enter "\$212.61" in the BALANCE column.
- (9) Your checkbook is now currently balanced.
- (10) Monthly Bank Statement

RELATED INSTRUCTOR ACTIVITY

- (10) Show Transparency 19-1-7, Monthly Bank Statement.

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DISCUSSION POINT

RELATED INSTRUCTOR ACTIVITY

Distribute Information Sheet, Monthly Bank Statement, 19-1-5.

Discuss entries on statement including ATM fee and monthly service fee for checking.

e. Types of Checking Accounts:

e. Show Transparency 19-1-8, Types of Checking Accounts.

(1) Individual - only one person is responsible for the account

(2) Joint - more than person is responsible for the account. It is best if one person established primary responsibility, but each person involved needs to know the status of the account at all times

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DISCUSSION POINT

- (3) Interest/non-interest bearing account - some checking accounts pay interest and some do not. An interest bearing account may require a minimum daily balance and may only pay a minimum interest rate

f. Benefits

- (1) Hours and location - the Navy is rarely an 8:00 a.m. to 5:00 p.m. job. Find out if the bank offers extended hours during the week and/or Saturdays. Also, if and when you deploy or are transferred overseas, you will want to know about branch locations and ease of transferring the money in your account

- (2) Services - these days banks offer a wide range of services beyond the basics of checking and savings. These services include, but are not limited to:

- (a) Loans

RELATED INSTRUCTOR ACTIVITY

- f. Show Transparency 19-1-9, Benefits.

- (2) Show Transparency 19-1-10, Services.

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DISCUSSION POINT

RELATED INSTRUCTOR ACTIVITY

(b) Money orders

(c) Travelers checks

(d) ATM

1) Automatic teller cards

a) The use of these cards at an ATM allows you to:

(1 Withdraw money

(2 Deposit money

(3 Make payments

a) Show Transparency 19-1-11, ATM allows...

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DISCUSSION POINT

RELATED INSTRUCTOR ACTIVITY

(4) Transfer money

(5) Point of purchase sales

- b) There is generally no fee involved when using your ATM card at your bank; however, using another bank's or a store's ATM will usually result in a charge by your bank as well as a charge from the ATM you are using. For example, a \$20 withdrawal at a movie theater could cost you a fee of \$2.00 from your bank and a fee of \$2.00 from the ATM at the theater. Point of purchase sales also involve fees. Monitor your usage carefully.
- c) Personal Identification Number (PIN)

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DISCUSSION POINT

- (1) Your PIN is your identification to use your card. Without this number, your card is useless; however, if someone has your card and this number, they can withdraw all of your money from both a checking as well as a savings account. Do not give your PIN to anyone. Also, do not write it down.

2) Debit cards

- a) These cards are like checks. Some banks require a PIN while others do not.
- b) These cards are useful and convenient to use, but are not covered by the laws protecting credit cards.

RELATED INSTRUCTOR ACTIVITY

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DISCUSSION POINT

(3) Insured Accounts

- (a) Make sure that the bank is federally insured. Checking accounts are covered up to \$100,000 per social security number. Credit Unions are insured by NCUA and banks are insured by FDIC

(4) Interest Bearing Accounts

- (a) Ask which accounts pay interest, what are the requirements to have an account like this, and what is the interest rate. Remember -- every little bit of information helps you become more financially independent

(5) The In's and Out's of Interest Rates

- (a) Interest is paid on various types of accounts

RELATED INSTRUCTOR ACTIVITY

- (3) Show Transparency 19-1-12, Insured Accounts.

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DISCUSSION POINT

RELATED INSTRUCTOR ACTIVITY

- (b) Although these are several methods of computing interest, federal law requires all financial institutions to quote the interest rate as an Annual Percentage Rate (APR). This makes it easy for you to comparison shop for the best rates

- g. Minimum Requirements
 - (1) A minimum amount required to open an account ranges from \$5.00 to \$25.00

 - (2) At some financial institutions, if your balance drops below a minimum amount, you will be charged a fee. Make sure you ask if this is a policy at your bank. Ask what is the minimum balance required and what is the fee if this should occur

- h. Service Charges

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DISCUSSION POINT

RELATED INSTRUCTOR ACTIVITY

- (1) Some financial institutions charge for your printed checks as well as a cost for each check you write
 - i. Overdraft Protection
 - (1) Helps to ensure that if you write a check against insufficient funds in your checking account, your bank will deposit money from your savings account into your checking account to cover the check
 - j. Fees
 - (1) Insufficient funds
 - (2) Returned check charges
 - (3) Minimum balance fees
- i. Show Transparency 19-1-13, Overdraft Protection.

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DISCUSSION POINT

(4) ATM fees

RELATED INSTRUCTOR ACTIVITY

4. Savings

4. Show Transparency 19-1-14, Savings.

a. A savings account offers a safe way to earn interest

b. Many of the benefits and services that applied to your checking account also apply to your savings account

c. Statement

(1) Printed along with your monthly checking statement of transactions will also be a statement of your savings transactions - deposits and withdrawals

d. Insured Accounts

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DISCUSSION POINT

RELATED INSTRUCTOR ACTIVITY

- (1) If the bank you selected is federally insured, then your savings account is also covered up to \$100,000 just like your checking account

- e. Interest Rates
 - (1) The rate of interest earned on savings accounts varies widely so it is important to find the best rate of return. Although there are several methods of computing interest, federal law requires all banks to quote the rates as an Annual Percentage Rate (APR). This makes it easy for you to comparison shop for the best savings rates

- f. U.S. Saving Bonds

- g. Once your Montgomery GI Bill (MGIB) is paid, it would benefit you to turn your \$100 monthly allotment to some type of saving and/or investment for your future.

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DISCUSSION POINT

5. Summary
 - a. Selecting a Financial Institution
 - b. Checking
 - c. Savings
6. Assignment
 - a. None
7. Evaluation
 - a. None

RELATED INSTRUCTOR ACTIVITY

5. Show Transparency 19-1-15, Summary.